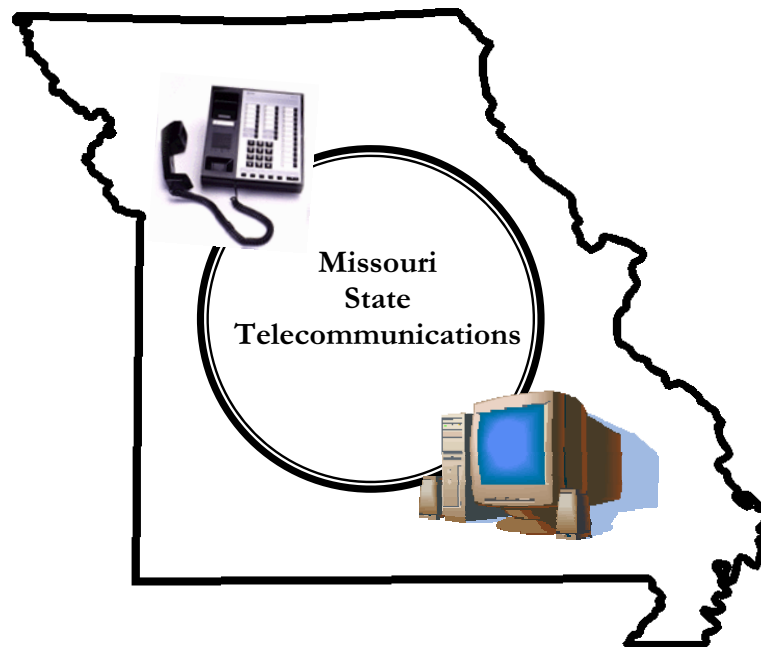


State of Missouri Telecommunications Cost Allocation Plan

Fiscal Year 2007



July 2006

*Office of Administration
Information Technology Services*

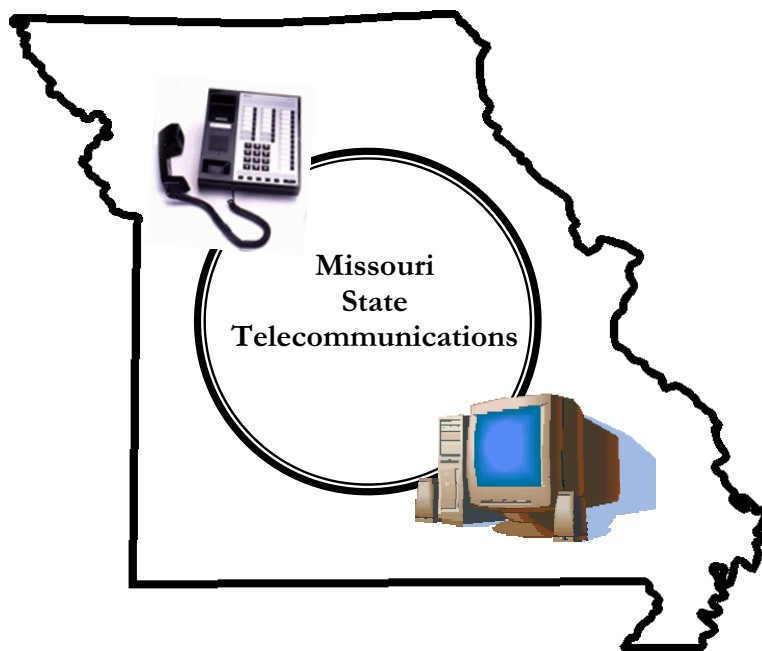
**State of Missouri Telecommunications
Cost Allocation Plan
Fiscal Year 2007**

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State of Missouri Telecommunications Cost Allocation Plan

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Section A Background and General Description

Purpose

This document explains the methodology utilized by the Information Technology Services Division in developing rates for telecommunications services provided to state agencies, colleges, and universities. The authorization to develop rate structures and establish a charging system is provided under Chapter 37, RSMo 1986.

This Cost Allocation Plan, and the process by which it is developed, is consistent with the revolving administrative trust fund methodology utilized by the Information Technology Services Division the past several years. The estimated expenditures and rates set forth herein provide the means for ensuring full cost recovery based on agency use of services. As with any plan, actual events and historical data will require close monitoring and some revisions.

Pricing Concepts

The major objective of the Information Technology Services Division is to provide state agencies and organizations cost effective and efficient shared telecommunications resources. Achievement of this objective results in improved productivity in state government and more effective delivery of governmental services to the citizenry by state agencies.

The charging systems or objectives associated with this Cost Allocation Plan methodology can be summarized as follows:

1. establish usage sensitive pricing of services
2. provide rate stabilization
3. develop a cost for the total telecommunications service package which is less than can be obtained elsewhere
4. provide agencies maximum flexibility in controlling use
5. minimize the impact of future rate changes and/or cost increases
6. maximize economies of scale opportunities available through resource sharing.

Revolving Administrative Trust Fund

The revolving administrative trust fund was established to receive funds paid or transferred to the Office of Administration by agencies of the state for goods and services utilized by such agencies. Spending ceiling authorization is enacted annually by appropriation and any unencumbered balance in excess of 1/12 of the amount appropriated to the revolving administrative trust fund at the close of the fiscal year reverts to the general revenue fund in accordance with other provisions of the law. No monies are actually provided to the Office of Administration under this appropriation. The funds to pay for telecommunications services are appropriated by the General Assembly directly to the state agencies, colleges, and universities. Payment for telecommunications services are made by the Office of Administration from the revolving administrative trust fund. The fund is then replenished by monthly billing to state agencies, colleges and universities based on the use of services.

Expenditure Planning

One of the key components of this Cost Allocation Plan is developing an overall schedule and general allocation of anticipated expenditures. The expenditure plan contained in Section C of this report reflects the best estimate of the costs required to provide telecommunications services to state agencies over a twelve month period.

Development Methodology

A cost-based development methodology was employed in establishing the billing rates detailed in Section E of this plan. The benefits of this cost based methodology are two fold: (1) as a full cost approach, both direct and indirect costs are included, and the problem of under or over recovery of telecommunications total budget costs is minimized, (2) it provides an equitable method for cost recovery; i.e., the rate is based on the amount of resources utilized.

The methodology for development of this Cost Allocation Plan can generally be summarized as the execution of the following eight work steps:

1. Determine Services Provided

The types of services provided by the State Telecommunications office are based on the requirements of state agencies and are typically similar to services provided by regulated telephone utilities, facility based carriers, other common carriers, and resellers of inter-city telecommunications services. These services are provided by the Office of Administration when the state can obtain enhanced shared features and realize economy of scale.

2. Establish Units of Service

The unit of service utilized to measure the volume of service provided for each service type was established based on three major criteria: relationship to the function performed, measurability, and level of control which can be exercised by the customer agencies.

3. Compile Estimates of Utilization

The Fiscal Year 2006 utilization of each service category was compiled. The category estimates were then used as a basis for projections or estimates for Fiscal Year 2007 of each type of service.

4. Identify Types of Costs

Two basic types of costs were identified: (1) allocated direct; and (2) allocated indirect. Allocated direct costs were those costs that can be directly identified with providing a type of service. Costs allocated indirectly are related costs that cannot be directly identified with providing a specific type of service.

5. Determine Allocated Direct Costs

Budgeted expense and equipment costs that could be directly identified with providing a specific type of service were accumulated to determine total allocated direct cost by type of service. In some cases an expense or equipment cost applies to more than one service category. The cost is then split by percentage among the appropriate type of service.

6. Determine Allocated Indirect Costs

Budgeted expense, equipment and personnel costs that could be indirectly identified with providing a specific type of service were accumulated to determine total allocated indirect cost by type of service.

7. Summarized Total Cost by Service

Total cost by service was determined by adding the direct and indirect allocated costs.

8. Calculate Cost Per Unit of Service

The cost per unit of service was calculated by dividing the total annual cost by the total estimated annual utilization.

Service Category Definitions

1. Centrex Access

The basic unit of service provided by State Telecommunications to customers is access (dial tone). In Jefferson City, Rolla, Warrensburg and Maryville Sprint provides this service under the service mark of Centrex. This basic unit of service allows customers the ability to receive calls from any customer of the world-wide telecommunications system. Also associated with this basic service unit is the unlimited ability of Jefferson City, Rolla, Warrensburg and Maryville customers to call other customers within their system with four or five digit dialing. This category also includes some other Sprint service areas and additional locations will be added throughout the year. Service to Butler, California, Clinton, Lebanon and Warsaw was added in Fiscal Year 2003. Major cost components identified with this service element are the line charges and features which allow transmission and receipt of calls from the nationwide toll centers and the Federal End User charge.

2. State Long Distance

Within the Long Distance rate are those costs of the dedicated facilities (T-1s) on the private network that are located between the various cities to support voice traffic. Also included in the Long Distance rate are cost components of central office equipment required to provide switching capability of state telephones (Plexar/Centrex) from local calling only to WATS calling and long distance calling within the private network. WATS access and price per minute is also a component of long distance. (WATS is a long distance service which completes a call between a network location and a non-network location or known as the public switched network.)

3. PLEXAR Access

Access (dial tone) is the basic unit of service provided to customers in cities served by Southwestern Bell Telephone Company and has the trademark of PLEXAR. This basic unit of service allows customers to receive calls from any caller on the worldwide telecommunications system. It also permits customers to have the unlimited ability to place calls on the local and state networks and allows three, four and five digit dialing within their system. This results in a cost savings to the state by using reduced cost facilities rather than toll. The major cost elements associated with this service are the feature and station line charges and the Federal End User charge.

4. Data Circuits

Data circuit service is the “tail” or frame relay circuit that connects into the network transport contract associated with the private data WAN networks. Also included in this category are intrastate and interstate circuits connecting two or more locations together on a dedicated basis. In general, this service provides the agencies with the order processing, billing functions and contract administration required with the dedicated data circuits. The cost element with this service is the circuit costs and an administrative fee.

5. Network Transport

This category is for all services purchased from the network transport contract with SBC. Included in this category are interlata PVCs used to transport any frame relay circuit across LATA boundaries and frame relay tail circuits. In general, this service provides agencies with the order processing, services level agreements, trouble reporting, contract administration and billing functions required for the interlata T-1s, PVCs for interlata frame relay circuits, statewide frame relay access and backbone circuits for data networks. The cost element with this service is the circuit costs and an administrative fee. Tables containing the circuit costs and the administrative fee are shown in Section D.

6. Voice Mail

This category of service provided to customers is access from the central office to the systems located in Jefferson City, Hannibal, Carthage, St. Joseph, Kansas City, Springfield, Sikeston, Hillsboro and St. Louis. The cost elements of this service include a monthly lease charge for the boxes in Warrensburg and Rolla as well as maintenance on owned systems.

7. Pass-Through Telephone Service

Pass-Through service is the process by which the charges billed by the telephone vendors are in turn billed to the appropriate agencies. Charges incurred for services such as local service, toll, and calling cards etc. are billed to the agencies with an administrative fee added.

8. VPN

This category is for the Virtual Private Network (VPN) service that is provided by the Office of Administration for state agencies. Customers use this service to securely access the state's private data remotely through the Internet. The cost elements for this service include equipment, maintenance and an administrative fee.

9. Toll-Free

This category is for Toll-Free service such as 800, 888, 877 and 866 numbers where agencies pay the per-call costs instead of the caller. The cost elements for this service include circuit, per minute service cost and an administrative fee.

10. Centrex Pass-Through

Centrex Pass-Through service is the process by which the charges billed by the Centrex vendor are in turn billed to the appropriate agencies. Because of the way the charges are processed, they are billed to the agencies without an administrative fee added. The cost elements for this service include but are not limited to installation charges, ISDN service, Local Exchange Toll charges and service order charges to name a few.

11. Managed WAN

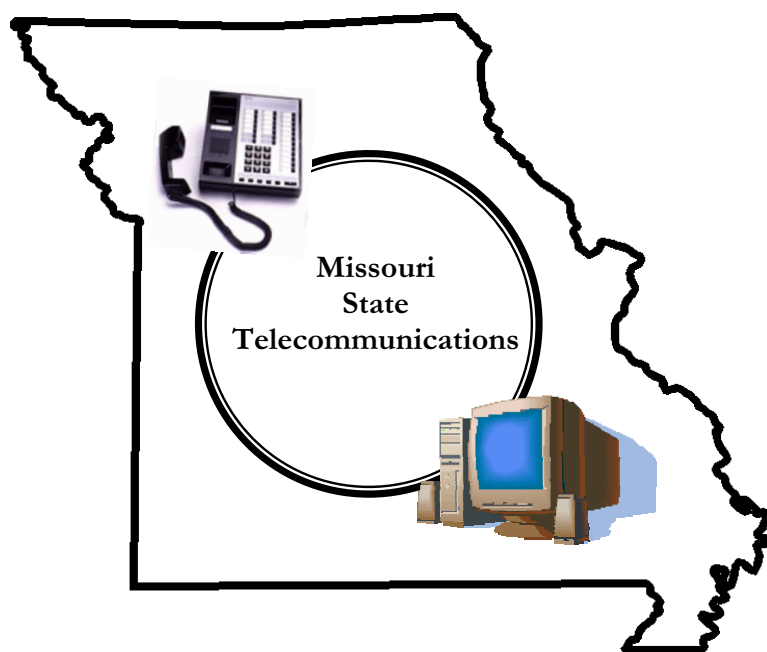
This category is for the monitoring, maintenance and equipment associated with managing state agency Wide Area Networks (WAN). In general, this service provides agencies with the service level agreements, trouble shooting and reporting, equipment refreshes, network design and consulting.

Contact Information

- **Deputy of Infrastructure** Chris Wilkerson
- **Deputy of Finance** Arlan Holmes
- **Director of Networks and Telecommunications** Pete Wieberg
- **Telecommunications Services & Support** Nancy Bochat
- **Network Infrastructure Support** Mike Prenger
- **Fiscal Services** Joyce Crawford
- **Office Services** Gina Martin

State of Missouri Telecommunications Cost Allocation Plan

Fiscal Year 2007



Section B Detailed Budget

**STATE OF MISSOURI TELECOMMUNICATIONS
COST ALLOCATION PLAN
FISCAL YEAR 2007
DETAILED BUDGET**

Personnel Service	Budget Amount	Budget Amount
2005 - Regular Payroll	FY06	FY07
State Telecommunications Manager	\$37,704	\$39,212
1 Account Clerk II	\$22,620	\$23,525
2 Accountant I	\$26,808	\$27,880
3 Account Clerk II	\$24,984	\$25,983
4 Account Clerk II	\$22,272	\$23,163
5 Admin. Office Support Asst. (Clerk IV)	\$29,784	\$30,975
6 Telecom Analyst I	\$34,416	\$31,500
7 Sr. Office Support Asst	\$23,376	\$26,969
8 Account Clerk II	\$22,272	\$23,163
9 Computer Information Technology Specialist II	\$53,520	\$55,661
10 Computer Information Technology Specialist II	\$52,862	\$54,976
11 Senior Office Support Asst. (State Operator)	\$26,748	\$27,818
12 Senior Office Support Asst. (State Operator)	\$25,428	\$26,445
13 Senior Office Support Asst. (State Operator)	\$22,272	\$23,163
14 Senior Office Support Asst. (State Operator)	\$25,860	\$26,894
15 Telecommunications Analyst I	\$30,288	\$29,390
16 Telecommunications Analyst I	\$0	\$0
17 Telecommunications Analyst I	\$29,784	\$30,975
18 Telecommunications Analyst III	\$40,080	\$41,683
19 Telecommunications Analyst II	\$32,580	\$32,648
20 Telecommunications Analyst II	\$32,580	\$33,883
21 Telecommunications Analyst I	\$29,244	\$29,390
22 Telecommunications Analyst I	\$29,244	\$29,390
23 Telecommunications Analyst III	\$42,756	\$44,466
24 Telecommunications Analyst III	\$49,272	\$51,243
25 Telecommunications Analyst III	\$48,300	\$50,232
26 Telecommunications Analyst IV	\$49,272	\$51,243
27 Telecommunications Analyst IV	\$52,452	\$54,550
28 Telecommunications Analyst IV	\$44,508	\$46,288
29 Computer Information Technology Specialist III	\$49,272	\$51,243
30 Office of Administration Manager	\$58,260	\$60,590
31 Overtime, Unallocated PS	\$40,704	\$57,198
99 Fringe Benefits	\$388,333	\$406,609
Subtotal Personnel Service:	\$1,497,855	\$1,568,348
VPN		
Computer Information Technology Specialist III	\$10,534	\$0
Fringe Benefits	\$3,687	\$0
Managed WAN		
Telecommunications Analyst I	\$30,840	\$34,545
Fringe Benefits	\$10,794	\$12,091
Total Personnel Service:	\$1,553,710	\$1,614,983

**STATE OF MISSOURI TELECOMMUNICATIONS
COST ALLOCATION PLAN
FISCAL YEAR 2007
DETAILED BUDGET (continued)**

Expense and Equipment	Budget Amount FY06	Budget Amount FY07
2100-2112 Managed WAN Travel Expenses	\$6,000	\$6,000
2592-02 Voice Mail Maintenance	\$38,755	\$100,737
2580 VPN Hardware Maintenance	\$5,431	\$30,000
2701 Voice Mail Equipment	\$74,400	\$74,400
2701 Managed WAN Network Expansion	\$61,520	\$7,030
3009-01 Jefferson City Lines	\$3,061,761	\$2,826,329
3009-02 Universal Service Fund	\$0	\$0
3009-03 Jefferson City Tax & Miscellaneous	\$235,174	\$241,463
3009-04 Jefferson City Federal End User	\$530,182	\$457,980
3009-06 SWB T-1	\$190,638	\$229,773
3009-08 AT&T T-1 Circuits	\$0	\$0
3009-09 WATS Access & Usage	\$1,140,071	\$856,915
3009-11 Muxes & Connections	\$255,621	\$0
3009-12 SDC	\$0	\$0
3009-13 Plexar Lines	\$2,289,616	\$2,224,435
3009-14 Plexar Trunks	\$1,162,219	\$1,200,232
3009-15 Plexar Federal End User	\$1,252,737	\$1,447,029
3009-16 Plexar Federal End User Credit	-\$1,102,749	-\$1,305,411
3009-17 Plexar Base System	\$24,740	\$24,740
3009-19 MO Dual Party Relay	\$1,981	\$2,788
3009-21 Other Centrex Line Charges	\$508,301	\$518,549
3009-22 Other Centrex Taxes	\$15,164	\$27,726
3009-23 Other Centrex Federal End User	\$57,172	\$69,665
3009-24 Voice Mail Circuits	\$141,657	\$137,928
3009-25 Alternate Egress	\$0	\$0
3009-27 Other Centrex Pass-Through	\$692,071	\$565,841
3009-28 Toll-Free Service Pass-Through	\$4,737,557	\$3,253,606
3009-30 Plexar Pass-Through	\$583,792	\$257,863
3009-31 Local Service	\$1,401,588	\$1,182,812
3009-33 Toll	\$50,508	\$38,226
3009-35 Directory Assistance	\$52,395	\$51,334
3009-36 Directory Purchase	\$2,014	\$1,950

**STATE OF MISSOURI TELECOMMUNICATIONS
COST ALLOCATION PLAN
FISCAL YEAR 2007**

DETAILED BUDGET (continued)

Expense and Equipment	Budget Amount FY06	Budget Amount FY07
3009-38 Other Taxes	\$0	\$0
3009-39 Payphones	\$7,483	\$8,661
3009-40 OA Network Equipment	\$583	\$583
3009-41 Network Expansion	\$0	\$0
3009-42 Metropolitan Area Network	\$724,326	\$330,702
3009-43 SMDR	\$897	\$806
3009-44 ARS Package	\$1,687	\$2,402
3009-47 Video Other	\$2,094	\$0
3009-48 1+	\$1,380,605	\$1,147,146
3009-49 Calling Card	\$107,586	\$120,000
3009-50 Intrastate Circuits	\$1,020,859	\$1,006,136
3009-51 Interstate Circuits	\$87,222	\$79,311
3009-52 IVDN Circuits	\$191,034	\$0
3009-53 Frame Relay Circuits	\$3,774,350	\$3,485,101
3009-56 Internet Access	\$30,889	\$75,085
3009-57 Service Center Voice Mail	\$4,378	\$8,498
3009-58 Service Center Transport	\$40,443	\$40,288
3009-59 Long Distance T-1s	\$199,199	\$315,599
3009-60 Network Transport	\$2,155,752	\$2,458,929
3009-61 T-1 Network Circuits	\$158,004	\$177,150
3009-62 Plexar Municipal Tax	\$201,715	\$195,930
3009-63 ISDN-PRI	\$354,019	\$381,772
3009-64 Plexar Municipal Tax/Pass-Through	\$0	\$0
3009-65 Other Sprint Franchise	\$7,251	\$8,565
3009-66 Truman State University	\$0	\$0
3009-67 Ozarks Technical Community College	\$0	\$0
3009-74 Centrex Tolls	\$19,597	\$19,828
3009-73 Voice Grade Circuits	\$101,469	\$86,573
3009-70 Other Centrex Pass-Through	\$2,351	\$2,127
3009-75 Blackberry Wireless	\$356,533	\$608,275
3009-80 ISDN - BRI	<u>\$0</u>	<u>\$9,948</u>
Subtotal Expense & Equipment	\$28,400,641	\$25,099,359

**STATE OF MISSOURI TELECOMMUNICATIONS
COST ALLOCATION PLAN
FISCAL YEAR 2007**

DETAILED BUDGET (continued)

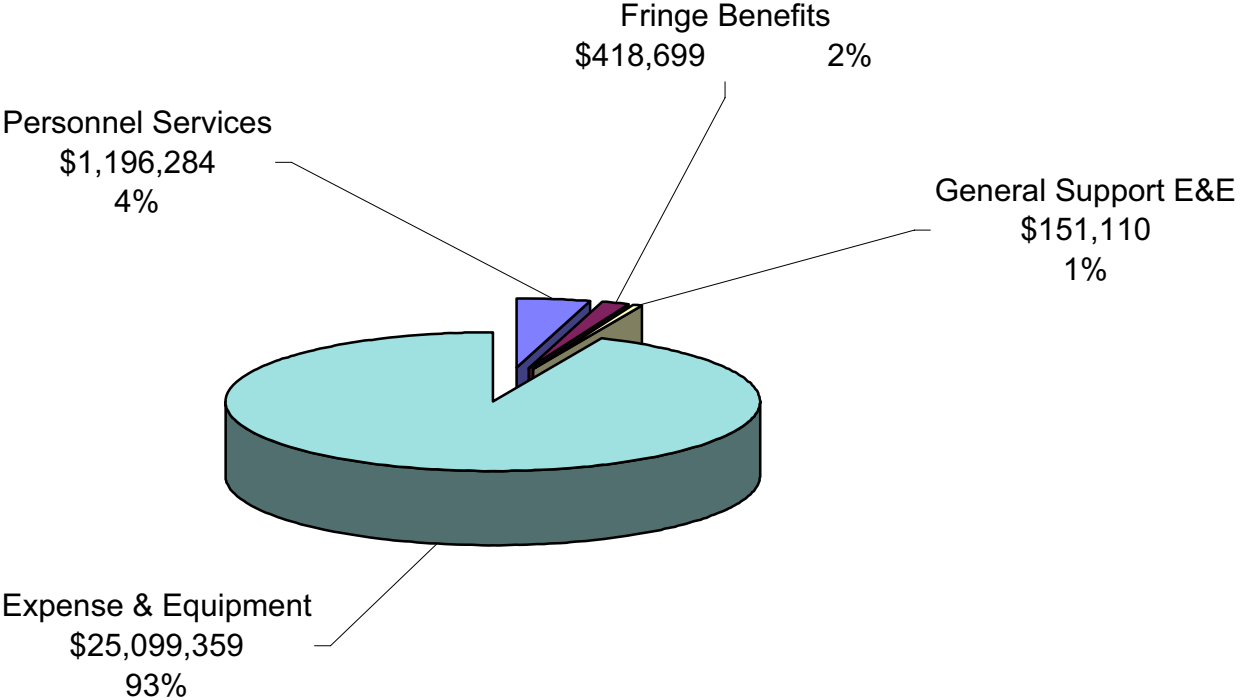
General Support (Indirect) Expense and Equipment	Budget Amount FY06	Budget Amount FY07
2100 In-State Mileage	\$1,500	\$1,500
2106 In-State Lodging	\$4,000	\$4,000
2109 In-State Meals	\$1,500	\$1,500
2112 In-State - Other	\$250	\$250
2115 Out-State Mileage	\$500	\$500
2118 Out-State Commercial Transportation	\$2,750	\$2,750
2121 Out-State Lodging	\$3,000	\$3,000
2124 Out-State Meals	\$500	\$500
2127 Out-State other	\$75	\$75
2205 Office Supplies	\$3,500	\$3,500
2265 Postage	\$8,000	\$8,000
2268 Subscriptions and Publications	\$50	\$50
2277 Other Admin Supplies	\$100	\$100
2325 Vehicle Repair	\$2,500	\$2,500
2328 Motor Fuel	\$1,000	\$1,000
2380 Organization Memberships	\$5,000	\$5,000
2383 Convention, Conference, Training Fees	\$10,000	\$10,000
2386 Tuition Expenses	\$2,000	\$2,000
2400 Telecommunication Supplies	\$6,000	\$6,000
2403 Telecommunication Charges	\$16,000	\$16,000
2409 Internet Charges	\$350	\$350
2412 Cellular Charges	\$1,500	\$1,500
2415 Pagers	\$500	\$500
2457 Express and Freight Services	\$100	\$100
2460 Printing & Binding Services	\$2,500	\$2,500
2469 Temporary Personnel Services	\$12,000	\$12,000
2490 Computer Hardware Services	\$10,000	\$10,000
2520 Educational Services	\$0	\$0
2580 Computer Hardware Maint.	\$600	\$600
2583 Software Maintenance	\$27,540	\$49,735
2598 Office Equipment Maint	\$400	\$400
2691 Under Threshold office equipment	\$0	\$0
2700 Desktop Computer Equipment	\$200	\$200
2706 Computer Software	\$2,500	\$2,500
2730 Communication Equipment	\$1,500	\$1,500
2769 Office Furniture	\$250	\$250
2772 Office Equipment	\$500	\$500
2991 Food	<u>\$250</u>	<u>\$250</u>
Subtotal General Support (Indirect)	\$128,915	\$151,110
Total Budget	\$30,083,266	\$26,865,452

**STATE OF MISSOURI TELECOMMUNICATIONS
COST ALLOCATION PLAN
FISCAL YEAR 2007**

BUDGET BY FUND

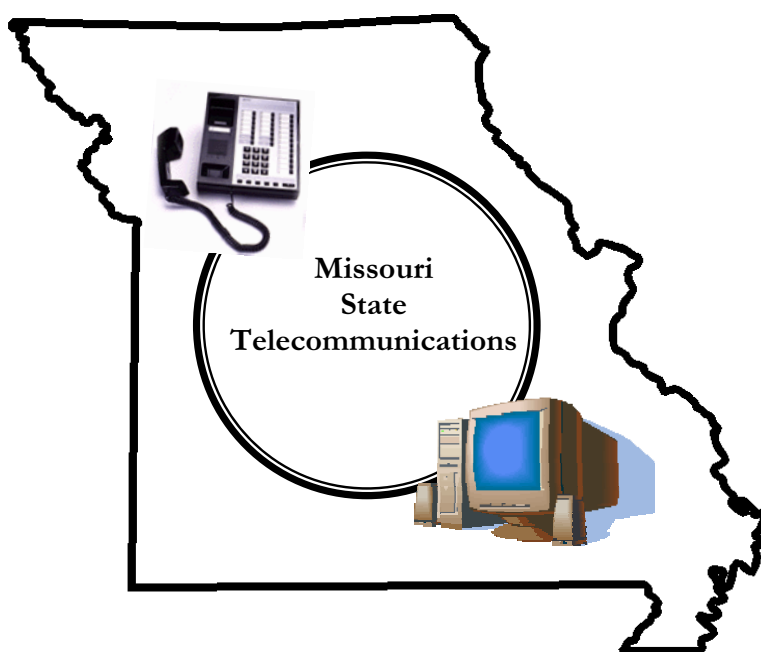
	<u>Revolving Fund</u>
Personnel Service	\$1,196,284
Expense & Equipment	\$25,250,469
Fringe Benefits	<u>\$418,699</u>
Total	\$26,865,452

Telecommunications FY07 Budget



State of Missouri Telecommunications Cost Allocation Plan

Fiscal Year 2007



Section C Rate Derivation

**State of Missouri Telecommunications
Cost Allocation Plan
Fiscal Year 2007
Centrex Access**

Annual Estimated Utilization:

Number of Lines:
251,592

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Item</u>	<u>Description</u>	<u>FY06 Budget Amount</u>	<u>FY07 Budget Amount</u>
3009.01	Jefferson City Line Charges	\$3,061,761	\$2,826,329
3009.03	Tax	\$235,174	\$241,463
3009.02	Access Reform	\$0	\$0
3009.04	Jefferson City Federal End User Charges	\$530,182	\$457,980
3009.41	Network Expansion	\$0	\$0
3009.21	Other Sprint Line Charges	\$508,301	\$518,549
3009.22	Other Sprint Tax	\$15,164	\$27,726
3009.23	Other Sprint Federal End User Charges	\$57,172	\$69,665
3009.80	ISDN-BRI	\$0	\$9,948
	Subtotal Expense and Equipment	\$4,407,753	\$4,151,660
	Total Direct Allocation	\$4,407,753	\$4,151,660
	Indirect Costs Allocated	\$251,978	\$171,946
	Total Allocated Costs	\$4,659,731	\$4,323,606
	Retained Earnings Reduction	-\$461,027	-\$257,778
	RATF Transfer	\$64,885	\$50,217
	Total Collectable Costs	\$4,263,588	\$4,116,045

Rate Calculation:

Collectable Costs / Utilization = Monthly Access Line Cost

$$\frac{\$4,116,045.12}{251,592} = \$16.36$$

Additional Centrex Charges:

FEDERAL UNIVERSAL FUND* \$0.50

MISSOURI UNIVERSAL FUND* \$0.02

TOTAL \$16.88

*Additional charges may increase or decrease throughout the Fiscal Year depending on FCC or PSC rulings.

**State of Missouri Telecommunications
Cost Allocation Plan
Fiscal Year 2007**

State Long Distance

Annual Estimated Utilization (in minutes):
32,441,672

Estimated Cost:
Direct Allocation - Expense and Equipment

<u>Item</u>	<u>Description</u>	<u>FY06 Budget Amount</u>	<u>FY07 Budget Amount</u>
3009.61	T-1 Network Circuits	\$71,102	\$177,150
3009.09	WATS Access and Usage	\$1,140,071	\$856,915
3009.06	SBC T-1's	\$190,638	\$229,773
3009.35	Directory Assistance	\$52,395	\$51,334
3009.36	Directory Purchase	\$2,014	\$1,950
3009.38	Other Taxes	\$0	\$0
3009.39	Payphone	\$7,483	\$8,661
3009.40	OA Network Equip.	\$583	\$583
3009.44	ARS	\$1,687	\$2,402
3009.43	SMDR	\$897	\$806
3009.11	Muxes & Connections	\$115,029	\$0
3009.12	State Data Center	\$0	\$0
3009.14	Plexar Trunks	\$748,469	\$670,930
3009.25	Alternate Egress	\$0	\$0
3009.59	MCI T-1's & Termination Charges	\$199,199	\$315,599
	Subtotal Expense and Equipment	\$2,529,568	\$2,316,103
	Total Direct Allocation	\$2,529,568	\$2,316,103
	Indirect Costs Allocated	\$144,608	\$25,491
	Total Allocated Costs	\$2,674,175	\$2,341,594
	Retained Earnings Reduction	-\$330,000	-\$523,677
	Commissions	\$0	\$0
	RATF Transfer	\$37,237	\$28,015
	Total Collectable Costs	\$2,051,023	\$1,845,931

Rate Calculation:

Collectable Costs / Utilization = State Long Distance Cost Per Minute

<u>\$1,845,931</u>	=	\$0.0569
32,441,672		

**State of Missouri Telecommunications
Cost Allocation Plan
Fiscal Year 2007**

Plexar Access

Annual Estimated Utilization:

Number of Lines:
277,872

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Item</u>	<u>Description</u>	<u>FY06 Budget Amount</u>	<u>FY07 Budget Amount</u>
3009.13	Plexar Line Charges	\$2,289,616	\$2,224,435
3009.62	Plexar Municipal Tax	\$201,715	\$195,930
3009.14	Plexar Trunks	\$413,750	\$529,302
3009.15	Plexar Federal End User Charges	\$1,252,737	\$1,447,029
3009.16	EUCL Credit	-\$1,102,749	-\$1,305,411
3009.17	Plexar Base System	\$24,740	\$24,740
3009.19	MO Dual Party Relay	\$1,981	\$2,788
3009.41	Network Expansion	\$0	\$0
	Subtotal Expense and Equipment	\$3,081,791	\$3,118,813
	Total Direct Allocation	\$3,081,791	\$3,118,813
	Indirect Costs Allocated	\$176,176	\$213,261
	Total Allocated Costs	\$3,257,968	\$3,332,075
	RATF Transfer	\$45,366	\$37,724
	Total Collectable Costs	\$3,303,333	\$3,369,799

Rate Calculation:

Collectable Costs / Utilization = Monthly Access Line Cost

$$\frac{\$3,369,799}{277,872} = \$12.13$$

Additional Plexar Charges:

FEDERAL UNIVERSAL FUND*	\$0.07
<u>MISSOURI UNIVERSAL FUND*</u>	<u>\$0.03</u>

TOTAL \$12.23

*Additional charges may increase or decrease throughout the Fiscal Year depending on FCC or PSC rulings.

**State of Missouri Telecommunications
Cost Allocation Plan
Fiscal Year 2007**

Data Circuits

Annual Estimated Utilization:

Actual Circuit Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Item</u>	<u>Description</u>	<u>FY06 Budget Amount</u>	<u>FY07 Budget Amount</u>
3009.42	MAN Connections	\$724,326	\$330,702
3009.50	Intrastate	\$1,020,859	\$1,006,136
3009.51	Interstate	\$87,222	\$79,311
3009.52	IVDN	\$191,034	\$0
3009.53	Frame Relay	\$3,774,350	\$3,485,101
3009.63	ISDN-PRI	\$354,019	\$381,772
3009.73	Voice Grade Circuits	\$101,469	\$86,573
	Subtotal Expense and Equipment:	\$6,293,721	\$5,369,597
	Total Direct Allocation	\$6,293,721	\$5,369,597
	Indirect Costs Allocated	\$359,793	\$170,224
	Total Allocated Costs	\$6,653,514	\$5,539,821
	Total Collectable Costs	\$6,482,533	\$5,539,821

Rate Calculation:

Total Collectable Costs / Direct Costs = Administrative Percentage		
<u>\$5,539,821</u>	x 100% =	103%
\$5,369,597		

**State of Missouri Telecommunications
Cost Allocation Plan
Fiscal Year 2007**

Network Transport

Annual Estimated Utilization:

Actual Circuit Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Item</u>	<u>Description</u>	<u>FY06 Budget Amount</u>	<u>FY07 Budget Amount</u>
3009.60	Network Transport	\$2,155,752	\$2,458,929
3009.41	Network Expansion	\$0	\$0
	Subtotal Expense and Equipment:	\$2,155,752	\$2,458,929
	Total Direct Allocation	\$2,155,752	\$2,458,929
	Indirect Costs Allocated	\$123,238	\$145,305
	Total Allocated Costs	\$2,278,990	\$2,604,234
	RATF Transfer	\$31,734	\$29,742
	Total Collectable Costs:	\$2,310,724	\$2,633,977

REFER TO TABLES ON PAGES D1 AND D2 FOR RATES.

**State of Missouri Telecommunications
Cost Allocation Plan
Fiscal Year 2007**

Voice Mail Charge

Annual Estimated Utilization:

Number of Lines:
242,568

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Item</u>	<u>Description</u>	<u>FY06 Budget Amount</u>	<u>FY07 Budget Amount</u>
3009.41	Network Expansion	\$0	\$0
3009.24	Circuits	\$141,657	\$137,928
2592.02	Maintenance	\$38,755	\$100,737
3009.26	Voice Mail Ports	\$0	\$0
2701	IT Network & Communication Equip	\$74,400	\$74,400
3009.57	Service Center Voice Mail	\$4,378	\$8,498
	Subtotal Expense and Equipment	\$259,190	\$321,564
	Total Direct Allocation	\$259,190	\$321,564
	Indirect Costs Allocated	\$14,817	\$462,534
	Total Allocated Costs	\$274,007	\$784,098
	RATF Transfer	\$3,815	\$3,889
	Total Collectable Costs	\$897,570	\$787,987

Rate Calculation:

Collectable Costs / Direct Costs = Rate per Mailbox

<u>\$787,987</u>	=	\$3.25
242,568		

**State of Missouri Telecommunications
Cost Allocation Plan
Fiscal Year 2007**

VPN

Annual Estimated Utilization:

Number of Clients
12,096

Estimated Cost:

<u>Item</u>	<u>Description</u>	<u>FY06 Budget Amount</u>	<u>FY07 Budget Amount</u>
2580	VPN	\$5,431	\$30,000
	Personnel	\$14,221	\$0
	Total Direct Allocation	\$19,652	\$30,000
	Indirect Costs	\$1,123	\$18,054
	Total Allocated Costs	\$20,775	\$48,054
	RATF Transfer	\$289	\$363
	Total Collectable Costs	\$50,170	\$48,417

Rate Calculation:

Collectable Costs / Direct Costs = Rate per client

$$\frac{\$48,417}{12096}$$

= \$4.00

**State of Missouri Telecommunications
Cost Allocation Plan
Fiscal Year 2007**

Pass-Through Telephone Service

Annual Estimated Utilization:
Actual Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Item</u>	<u>Description</u>	<u>FY06 Budget Amount</u>	<u>FY07 Budget Amount</u>
3009.02	Access Reform	\$0	\$0
3009.30	Plexar Pass-Through	\$583,792	\$257,863
3009.31	Local Services	\$1,401,588	\$1,182,812
3009.33	Toll	\$50,508	\$38,226
3009.48	1+ Charges	\$1,380,605	\$1,147,146
3009.49	Calling Card Pass-Through Charges	\$107,586	\$120,000
3009.56	Internet Access Pass-Through Charges	\$30,889	\$75,085
3009.47	Video Conferencing	\$2,094	\$0
3009.64	Plexar Municipal Tax/Pass-Through	\$0	\$0
3009.70	Other Centrex Pass-Through	\$2,351	\$2,127
3009.75	Blackberry Wireless	\$356,533	\$608,275
	Subtotal Expense and Equipment	\$3,915,946	\$3,431,535
	Total Direct Allocation	\$3,915,946	\$3,431,535
	Indirect Costs Allocated	\$223,863	\$105,173
	Total Allocated Costs	\$4,139,809	\$3,536,708
	Total Collectable Costs	\$4,033,425	\$3,536,708

Rate Calculation:

Total Collectable Costs / Direct Costs = Administrative Percentage

<u>\$3,536,708</u>	=	103%
\$3,431,535		

**State of Missouri Telecommunications
Cost Allocation Plan
Fiscal Year 2007**

Centrex Pass-Through Telephone Service

Annual Estimated Utilization:

Actual Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Item</u>	<u>Description</u>	<u>FY06 Budget Amount</u>	<u>FY07 Budget Amount</u>
3009.27	Other Sprint Pass-Through	\$692,071	\$565,841
3009.65	Other Sprint Franchise	\$7,251	\$8,565
3009.74	Centrex Tolls	\$19,597	\$19,828
	Subtotal Expense and Equipment	\$718,918	\$594,234
	Total Direct Allocation	\$718,918	\$594,234
	Indirect Costs Allocated	\$41,098	\$0
	Total Allocated Costs	\$760,017	\$594,234
	Total Collectable Costs	\$718,918	\$594,234

Rate Calculation:

Total Collectable Costs / Direct Costs = Administrative Percentage

$$\frac{\$594,234}{\$594,234} = 100\%$$

**State of Missouri Telecommunications
Cost Allocation Plan
Fiscal Year 2007**

Toll-Free

Annual Estimated Utilization (in minutes):

Number of Minutes

53,686,591

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Item</u>	<u>Description</u>	<u>FY06 Budget Amount</u>	<u>FY07 Budget Amount</u>
3009.28	800 Service	\$4,737,557	\$3,253,606
	Subtotal Expense and Equipment	\$4,737,557	\$3,253,606
	Total Direct Allocation	\$4,737,557	\$3,253,606
	Indirect Costs Allocated	\$270,831	\$400,634
	Total Allocated Costs	\$5,008,388	\$3,654,240
	RATF Transfer	\$69,740	\$39,354
	Total Collectable Costs	\$5,078,128	\$3,693,594

Rate Calculation:

Allocated Costs / Utilization = Per-Minute Cost

\$3,693,594

=

\$0.0688

53,686,591

**State of Missouri Telecommunications
Cost Allocation Plan
Fiscal Year 2007**

Managed WAN

Annual Estimated Utilization:

Number of Routers:
720

Estimated Cost:

<u>Item</u>	<u>Description</u>	<u>FY06 Budget Amount</u>	<u>FY07 Budget Amount</u>
	Personnel	\$41,634	\$46,636
2110-2112	Managed WAN Travel Expenses	\$6,000	\$6,000
3009.58	Service Center Transport	\$40,443	\$40,288
2701	WAN Network Expansion	\$61,520	\$7,030
	Total Direct Expenses	\$109,154	\$99,954
	Indirect Costs	\$6,240	\$6,835
	Total Allocated Costs	\$115,394	\$106,789
	Plus RATF Transfer	\$1,607	\$1,209
	Total Collectable Costs	\$117,001	\$107,998

Rate Calculation:

Collectable Costs / Direct Costs = Rate per client

$$\frac{\$107,998}{720}$$

= \$150.00

**STATE OF MISSOURI TELECOMMUNICATIONS
COST ALLOCATION PLAN
FISCAL YEAR 2007
RATE CALCULATION SUMMARY**

C-12

	CENTREX ACCESS	STATE LONG DISTANCE	PLEXAR ACCESS	DATA CIRCUITS	NETWORK TRANS.	VM ADMIN. CHARGE	PASS THRU	VPN	TOLL FREE	CENTREX PASS THROUGH	MGD WAN SERVICE	TOTAL
DIRECT ALLOCATION												
PERSONNEL SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,636	\$46,636
EXPENSE and EQUIPMENT	\$4,151,660	\$2,316,103	\$3,118,813	\$5,369,597	\$2,458,929	\$321,564	\$3,431,535	\$30,000	\$3,253,606	\$594,234	\$53,318	\$25,099,359
SUBTOTAL	\$4,151,660	\$2,316,103	\$3,118,813	\$5,369,597	\$2,458,929	\$321,564	\$3,431,535	\$30,000	\$3,253,606	\$594,234	\$99,954	\$25,145,994
INDIRECT ALLOCATION												
PERSONNEL SERVICE	\$156,835	\$23,251	\$194,519	\$155,265	\$132,536	\$421,886	\$95,930	\$16,468	\$365,425	\$0	\$6,234	\$1,568,348
EXPENSE and EQUIPMENT	\$15,111	\$2,240	\$18,742	\$14,960	\$12,770	\$40,649	\$9,243	\$1,587	\$35,209	\$0	\$601	\$151,110
SUBTOTAL	\$171,946	\$25,491	\$213,261	\$170,224	\$145,305	\$462,534	\$105,173	\$18,054	\$400,634	\$0	\$6,835	\$1,719,458
TOTAL ALLOCATED COSTS	\$4,323,606	\$2,341,594	\$3,332,075	\$5,539,821	\$2,604,234	\$784,098	\$3,536,708	\$48,054	\$3,654,240	\$594,234	\$106,789	\$26,865,452
RETAINED EARNINGS REDUCTION	-\$257,778	-\$523,677										-\$781,455
RATF TRANSFER	\$50,217	\$28,015	\$37,724		\$29,742	\$3,889		\$363	\$39,354		\$1,209	\$190,513
COLLECTABLE COSTS	\$4,116,045	\$1,845,931	\$3,369,799	\$5,539,821	\$2,633,977	\$787,987	\$3,536,708	\$48,417	\$3,693,594	\$594,234	\$107,998	\$26,274,510
UTILIZATION	251,592 LINES	32,441,672 MIN	277,872 LINES	\$5,369,597 COST	\$2,458,929 COST	242,568 LINES	\$ 3,431,535 COST	12096 CLIENTS	53,686,591 MIN	\$ 594,234	720 ROUTERS	
RATE	\$16.36	\$0.0569	\$12.13	103%	REFER TO TABLES	\$3.25	103%	\$4.00	\$0.0688	100%	\$150.00	
FED UNIVERSAL FUND*	\$0.50		\$0.07									
MO UNIVERSAL FUND*	\$0.02		\$0.03									
TOTAL	\$16.88		\$12.23									

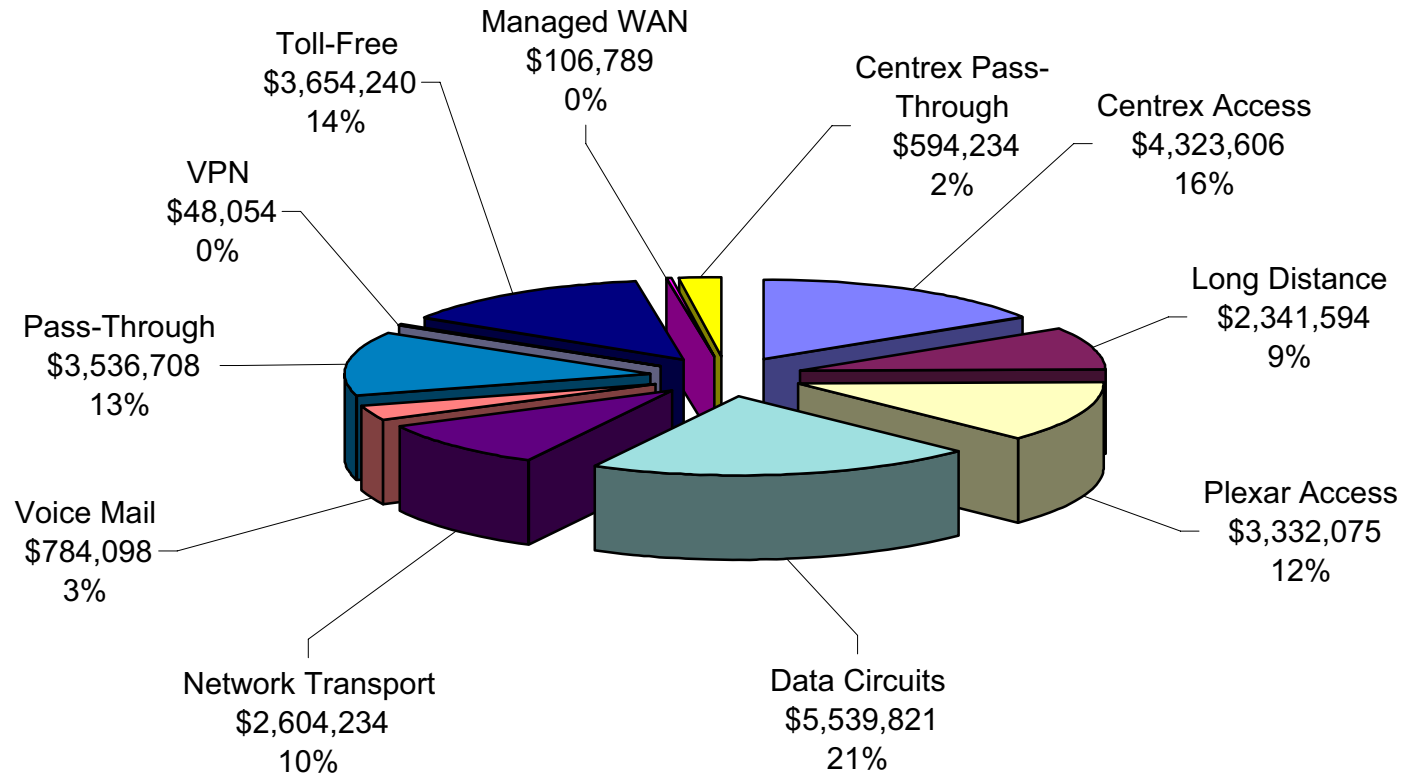
*Additional charges may increase or decrease throughout the Fiscal Year depending on FCC or PSC rulings.

**STATE OF MISSOURI TELECOMMUNICATIONS
COST ALLOCATION PLAN
FISCAL YEAR 2007**

PLEXAR PRICING POLICY

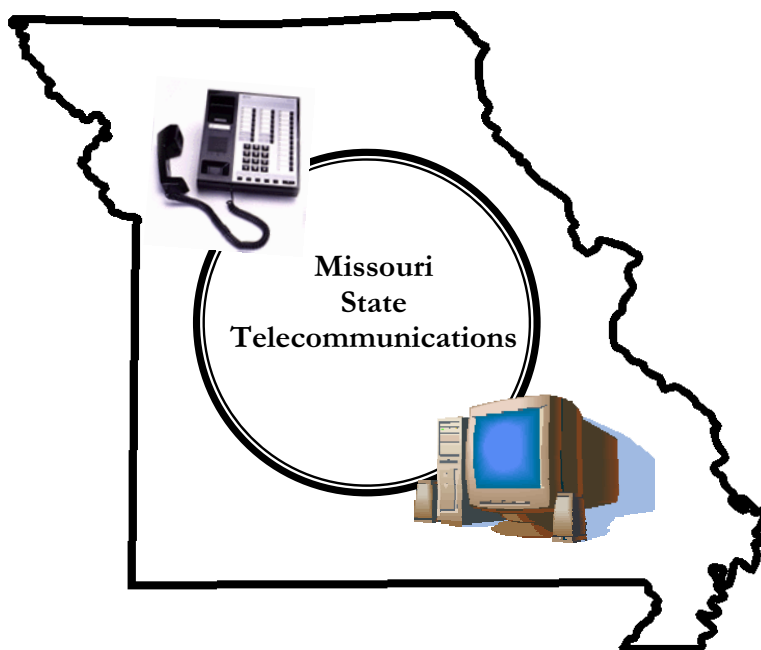
- Lines added after the beginning of the fiscal year will be at cost, if cost is greater than CAP, until the next annual CAP is developed.
- New Plexar lines which cost more than CAP will be evaluated by the SETAC Rate Committee and may never be in the CAP rate.
- Customers pay all installs.
- Rates are based on a 7-year agreement. Customers pay all penalties related to disconnected services, if there are any.

FY07 Total Allocated Cost by Rate Category



State of Missouri Telecommunications Cost Allocation Plan

Fiscal Year 2007



Section D Network Transport Tables

Network Transport Contract Tables

ASI CIR Pricing		
Range		Price
0	56	\$4.12
57	64	\$4.12
65	128	\$8.24
129	256	\$11.33
257	384	\$14.42
385	512	\$20.60
513	768	\$28.84
769	1536	\$47.38
1537	2000	\$56.65
2001	3000	\$56.65
3001	4000	\$56.65
4001	5000	\$61.80
5001	7000	\$61.80
7001	8000	\$66.95
8001	9000	\$66.95
9001	10000	\$72.10

ASI Port Pricing		
Range		Price
0	56	\$55.62
57	64	\$55.62
65	128	\$119.54
129	256	\$143.99
257	384	\$151.48
385	512	\$172.05
513	768	\$231.19
769	1536	\$293.92
45000	45000	\$846.81

ASI Access Pricing		
Range		Price
0	56	\$67.98
57	64	\$67.98
65	128	\$123.44
129	256	\$123.44
257	384	\$127.70
385	512	\$118.29
513	768	\$118.29
769	1536	\$118.29
45000	45000	\$1,881.81

SBCLD FR Long-Haul PVC		
CIR		Price
0	4	\$27.50
5	8	\$27.50
9	16	\$27.50
17	32	\$27.50
33	48	\$33.00
49	64	\$38.50
65	128	\$71.50
129	192	\$121.00
193	256	\$143.00
257	320	\$176.00
321	384	\$253.00
385	448	\$269.50
449	512	\$302.50
513	576	\$357.50
577	640	\$401.50
641	704	\$440.00
705	768	\$478.50
769	832	\$583.00
833	896	\$660.00
897	960	\$742.50
961	1024	\$770.00
1025	1536	\$1,430.00
1537	2000	\$2,052.60
2001	3000	\$2,873.20
3001	4000	\$3,646.50
4001	5000	\$4,387.90
5001	6000	\$5,105.10
6001	7000	\$5,800.30
7001	8000	\$6,884.90
8001	9000	\$7,590.00
9001	10000	\$8,288.50
10001	11000	\$8,965.00
11001	12000	\$9,641.50
12001	13000	\$10,301.50
13001	14000	\$10,950.50
14001	15000	\$11,599.50
15001	16000	\$12,237.50
16001	17000	\$12,870.00
17001	18000	\$13,491.50
18001	19000	\$14,107.50
19001	20000	\$15,944.50
20001	25000	\$17,710.00
25001	30000	\$20,625.00
30001	35000	\$23,413.50
35001	40000	\$31,883.50

Network Transport Contract Tables

SBCLD FR PORT Charge		
Range		
Range		Price
4	16	49.50
17	32	49.50
33	48	49.50
49	64	88.00
65	128	165.00
129	192	165.00
193	256	192.50
257	320	192.50
321	384	220.00
385	448	231.00
449	512	253.00
513	576	264.00
577	640	269.50
641	704	275.00
705	768	324.50
1025	2000	550.00
45000	45000	2,200.00

SBCLD FR LOCAL ACCESS		Price
DS0 Flat Rate		\$ 198.00
DS1 In SWBT Territory		\$ 171.60
DS1 Independent Territory		\$ 434.50
DS3 Zone 1 LEC charge \$0-2200		\$ 1,667.60
DS3 Zone 2 LEC charge \$2.2K -3K		\$ 2,880.90
DS3 Zone 3 LEC charge \$3K -4K		\$ 3,928.10
DS3 Zone 4 LEC charge \$4K and up		\$ 4,976.40

FR LOCAL ACCESS Out-R		
Range		
Range		Price
56	64	\$ 198.00
65	1536	\$ 434.50

FR LOCAL ACCESS In-Re		
Range		
Range		Price
56	64	\$ 198.00
65	1536	\$ 171.60

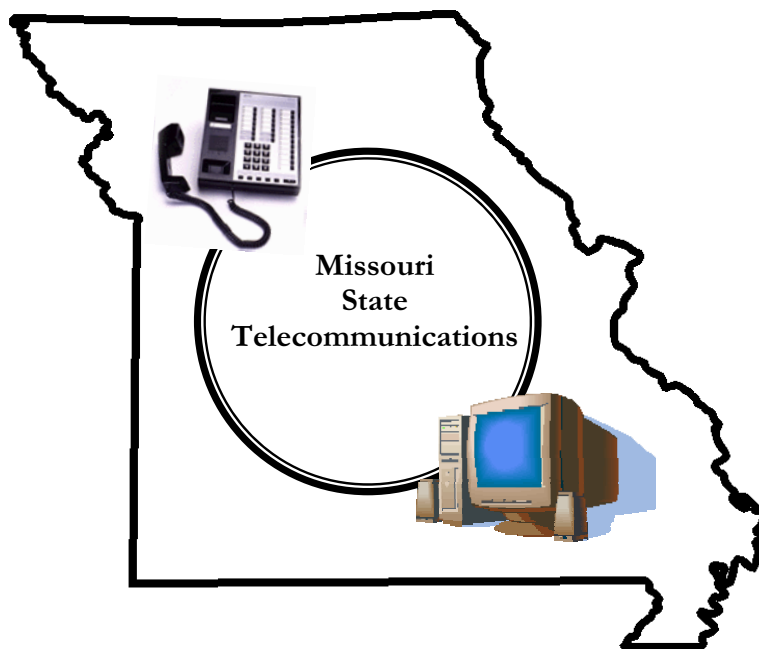
Point-To-Point Circuits	
Midlink DS1	\$770.00
DS1 Local Access 0-30 miles	\$412.50
DS1 Local Access 31-50 miles	\$495.00
DS1 Local Access over 50 miles	\$550.00
Midlink DS3	\$7,150.00
DS3 Local Access 0-30 miles	\$3,300.00
DS3 Local Access 31-50 miles	\$4,400.00
DS3 Local Access over 50 miles	\$5,225.00

Network Transport Contract Tables

<i>CIR Speed</i>	Type	
	<i>Alternate Routing</i>	<i>Disaster Recovery</i>
	<i>Price</i>	<i>Price</i>
	Monthly Charge	
8	\$ 24.75	\$ 13.75
16	\$ 24.75	\$ 16.50
32	\$ 24.75	\$ 22.00
48	\$ 29.70	\$ 23.10
56	\$ 29.70	\$ 23.10
64	\$ 34.65	\$ 30.80
128	\$ 64.35	\$ 44.00
192	\$ 108.90	\$ 82.50
256	\$ 128.70	\$ 93.50
320	\$ 158.40	\$ 121.00
384	\$ 227.70	\$ 181.50
448	\$ 242.55	\$ 203.50
512	\$ 272.25	\$ 220.00
576	\$ 321.75	\$ 258.50
640	\$ 361.35	\$ 302.50
704	\$ 396.00	\$ 330.00
768	\$ 430.65	\$ 346.50
832	\$ 524.70	\$ 440.00
896	\$ 594.00	\$ 467.50
960	\$ 668.25	\$ 495.00
1024	\$ 693.00	\$ 605.00
1536	\$ 1,287.00	\$ 715.00
1000	\$ 1,287.00	\$ 715.00
2000	\$ 1,847.34	\$ 1,026.30
3000	\$ 2,585.88	\$ 1,436.60
4000	\$ 3,281.85	\$ 1,823.25
5000	\$ 3,949.11	\$ 2,193.95
6000	\$ 4,594.59	\$ 2,552.55
7000	\$ 5,220.27	\$ 2,900.15
8000	\$ 6,196.41	\$ 3,442.45
9000	\$ 6,831.00	\$ 3,795.00
10000	\$ 7,459.65	\$ 4,144.25
11000	\$ 8,068.50	\$ 4,482.50
12000	\$ 8,677.35	\$ 4,820.75
13000	\$ 9,271.35	\$ 5,150.75
14000	\$ 9,855.45	\$ 5,475.25
15000	\$ 10,439.55	\$ 5,799.75
16000	\$ 11,013.75	\$ 6,118.75
17000	\$ 11,583.00	\$ 6,435.00
18000	\$ 12,142.35	\$ 6,745.75
19000	\$ 12,696.75	\$ 7,053.75
20000	\$ 14,350.05	\$ 7,972.25
25000	\$ 15,939.00	\$ 8,855.00
30000	\$ 18,562.50	\$ 10,312.50
35000	\$ 21,072.15	\$ 11,706.75
40000	\$ 28,695.15	\$ 15,941.75

State of Missouri Telecommunications Cost Allocation Plan

Fiscal Year 2007



Section E Rate Summary

**STATE OF MISSOURI TELECOMMUNICATIONS
COST ALLOCATION PLAN
FISCAL YEAR 2007**

RATE SUMMARY

Centrex Access	\$16.36 per line + FCC costs
State Long Distance (Private Network)	\$0.0569 per minute
Plexar Access	\$12.13 per line + FCC costs
Data Circuits	103% of actual cost
Voice Mail (standard mailbox)	\$3.25 per mailbox
Pass-Through Telephone Service	103% of actual cost
VPN	\$4.00 per client
Toll-Free	\$0.0688 per minute
Centrex Pass-Through	100% of actual cost
Network Transport	refer to rate tables
Managed WAN	\$150.00 per router

Directory Assistance

Intrastate	\$1.99 per call
Interstate	\$1.99 per call
Toll	Actual Cost

Conference Call

Progressive	\$10.00 per hour
Meet-Me	\$5.00 per hour

NOTE: Charges may apply if a scheduled conference is canceled without adequate advance notice.

Contract Services (Domestic Direct-Dialed Service)

Calling Card Cost (per minute)	\$.0927 day, \$.0806 evening/night/weekend
1+ Long Distance	\$.108 day/evening/night/weekend
ISDN Calls	\$.1436 day/evening/night/weekend